

January 28, 2021
HB 1444-Historical Horse Racing (HHR) Machines

Good morning, Chairman Johnson and the members of the committee

My name is Collette Brown from Warwick, representing the Spirit Lake Tribe. My professional title in the gaming industry is, Gaming Commission Executive Director of the Gaming Regulations and Compliance Department, our casino is located seven miles south of Devils Lake.

I come before you today as an opponent as well in support of my chairman's testimony.

In 2018, the charitable community got electronic pull-tabs. Gaming is saturated in North Dakota. New gambling industries are going to simply cannibalize the existing industry, including Indian Gaming, Charitable gaming, and the State Lottery.

Historic Horse-Racing is just a way to turn horse-tracks into mega-casinos. For example, in New York, Aqueduct Raceway went from a historical horse-track to a mega-casino, with 6,000 gambling machines and horses out back. That's what this bill means.

Please do not turn North Dakota into Las Vegas. Please do not pass legislation that will cannibalize the Indian gaming industry.

House Bill 1444

This bill is not *really* about horses, especially not North Dakota horses. Simulcast slot parlors can run without any in-state horse races. The bill permits all out-of-state races. No North Dakota horses required. In fact, the whole bill will most likely turn out to be an out-of-state bill, with out-of-state machine manufacturers, and unknown business coming in to North Dakota to run mega-unlimited slot parlors in every major city in North Dakota.

Historic horse racing machines are not about horses. They are slot machines. Other machine manufacturers say that the games "play just like slots." Functionally, the historic horse races serve as a "deck" of random numbers to operate instant video slot machines. A thin ribbon across the top shows horse pictures while the main display shows spinning reels. These machines are slot machines.

Imagine historic horse racing slot machines in every restaurant throughout North Dakota—Buffalo Wild Wings is already transitioning to charitable e-pull-tabs in every major North Dakota city and will simply add more historic horse racing slot machines if this bill were to pass. Other restaurants, gas stations and convenience stores will follow suit. HHR slot machines will be everywhere, with no limit on the number of machines.

This bill is about slots. Unlimited slots in unlimited locations.

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There's minimal regulation. The bill puts the horse racing commission in charge of unlimited slot parlors with no background checks, no minimum internal controls, and no back of house rules for financial accounting. There's no regulatory system to prevent money laundering.

In contrast, Indian gaming is well and fully regulated first and foremost by our tribal gaming regulatory agencies with the oversight and support of the National Indian Gaming Commission. Under our Class III tribal-state compacts, we partner with the State Attorney General's Office on Regulation. We have audits from the IRS. We report bank secrecy activity to the Department of Treasury Financial Crimes Enforcement Network to prevent money laundering. Anti-money laundering regulation prevents the infiltration of criminal elements. Furthermore, the FBI and the U.S. Attorneys protect our Indian gaming facilities. The FBI investigates and the U.S. Attorneys prosecute any dishonesty by players or operators at Indian gaming facilities. We have law enforcement, tribal regulators, security and financial bookkeepers on hand at all times. Our security and regulation are top-notch.

HB 1444 has none of that regulation.ⁱ

Our North Dakota people need our jobs. ~~We need to preserve our family values state.~~ Please Vote No on HB 1444.

Thank you for your time.

ⁱ The anti-doping regulation of horse-races is not relevant to historical horse-racing machines because the anti-doping regulations are for horse-races in the here and now and historical horse-racing is past races. (Congress just passed the Horse Racing Integrity and Safety Act of 2020, which deals with anti-doping, to provide uniform Federal regulations in this area.)